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Remarks of Sen. Chuck Grassley,
Ranking Member of the Committee on Finance,
Before The Federal Bar Association
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Just six weeks ago, the Senate was debating the largest tax cut in 20 years. That's been signed, sealed and just about delivered. In a few days, tax rebate checks will be in the mail. The rebates are the start of relief for taxpayers who have been overpaying for years.

Tax relief isn't over. The Finance Committee has the same bipartisanship leadership that produced the last bill. Next, Chairman Baucus and I will look at tax relief in the areas of (1) small business and agriculture (2) extenders and 3) energy.

Regarding small business and agriculture, the Committee could pick up several pension provisions that were dropped from the tax bill due to the Byrd rule. At my urging, Chairman Baucus has agreed to consider a package of health care-related tax issues. We need to examine ways to improve access to health insurance. Action on the small business/minimum wage bill has been deferred until after the August recess. Majority Leader Daschle has stated that any tax benefits in this bill will have to be offset. Many taxpayers are concerned about this position.

My *Tax Empowerment and Relief for Farmers and Fishermen Act* package should be included in the minimum wage bill. It includes special savings accounts for farmers and 11 other agriculture provisions needed to benefit our rural communities with their minimum wage responsibilities.

We are continuing to develop a bipartisan tax shelter bill, in coordination with Treasury and the IRS Office of Tax Shelter Analysis. We will allow sufficient time for public comment on any resulting tax shelter bill. Expiring tax provisions or "extenders" will be another area to watch. Extending the active financing exception of Subpart F is an important bipartisan priority. The question is how long to extend it or whether it should be made permanent. There is interest in the Senate for making the Research and Experimentation Credit permanent. It is set to expire again in 2004.

Other important extenders include the Work Opportunity Tax Credit, the Welfare-To-Work Credit, and the tax credit for electricity produced from wind and closed-loop biomass. Electronic commerce issues will be addressed at some level this year. Senator Baucus and I have requested a CBO study on the issue of sales and use tax on goods purchased over the Internet. The report is due out soon, and could trigger committee action on this issue

Energy policy to include tax incentives for both energy production and conservation has the interest of many members. These could include extending the credit for generating power from wind energy and biomass sources and also a tax break to help domestic marginal oil and gas wells. We just completed the first of a series of hearings on energy tax incentives.

On health care, Chairman Baucus and I have been working with our Finance Committee members for weeks on a comprehensive proposal to modernize Medicare and add a prescription drug benefit. We hope to get a plan approved by the committee as soon as possible, possibly as early as the end of this month. President Bush helped our cause last week. Congress is talking about the President's proposals to help older Americans afford prescription drugs and his principles to improve Medicare this year. To get the job done, lawmakers will need to set partisanship aside and put good public policy over short-term political gain. The President threw a pitch to Congress. We need to hit the ball over the fence.

On trade, there's one issue that rises to the top of the heap, and that's having Congress renew the President's trade promotion authority this year. Trade experts agree that America's future hinges upon giving the President the authority he needs to negotiate successful trade deals. Good trade deals mean new markets. They mean lower tariffs that discriminate against American workers, farmers and ranchers. They mean fair treatment in foreign markets for U.S. goods, services and farm products of the United States.

I want to work with all Senate Republicans and Democrats, and especially Chairman Baucus, to deliver trade promotion authority to the President this year. With respect to the adverse WTO interim ruling on the FSC case, I can only say that I am deeply disappointed and concerned with the ruling, and that I am working closely with USTR on this matter. Without speculating on what happens down the road, we ultimately must comply with our WTO obligations.